

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 26, 2010

VMERS Members present:

STEVEN JEFFREY, Chairperson Employer Representative (term expiring July 1, 2014)

THOMAS GOLONKA, Employer Representative (term expiring July 1, 2012)

PETER AMONS, Employee Representative (term expiring July 1, 2012)

JAMES QUINN, Employer Representative (term expiring July 1, 2014)

JEB SPAULDING, Vermont State Treasurer

Board members absent:

None

Also attending:

Stephen Rauh, Chairperson of VPIC

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board

David Driscoll, Buck Consultants

Sandy Miller, South Burlington

Bob Rusten, South Burlington

Joseph Mackey, member of the Teachers' Board

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Tuesday, October 26, 2010 meeting to order at 11:17 a.m., which was held in the Governor's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the minutes of July 13, 2010, July 27, 2010 and September 30, 2010**

On motion by Mr. Spaulding, seconded by Mr. Amons, the Board unanimously voted to approve the minutes of July 13, 2010, July 27, 2010 and September 30, 2010 as submitted.

Mr. Jeffrey reviewed for the new Board members the procedure for approving the Board minutes. Introductions were made of the people present in the room.

ITEM 2: **FY '10 Actuarial Valuation**

Set employer rates and recommend to Legislature employee rates

Review continuance of annual \$25.00 retiree stipend

Mr. Driscoll provided the reasoning behind the yearly actuarial valuation report. Mr. Driscoll indicated questions are welcomed at any time during the report.

David Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2010. Mr. Driscoll answered the questions posed by the Board. The Board discussed the upcoming experience study. There was a discussion about the smoothing method. There was a discussion about the four groups. There was a discussion about the employer and employee

rates. There was a discussion about GASB. There was a discussion what questions were before the Board. There was a discussion about the assumptions that were used in the report and how they are decided by the VPIC and individual Boards. Ms. Webster indicated she will ascertain whether beneficiaries are provided the \$25.00 stipend.

(A luncheon recess was taken from 12:40 p.m. to 12:55 p.m.)

The Board discussed the contribution rates for the four groups and particularly Group C.

(Mr. Rusten left the meeting at this time.)

There was a discussion about the rates and the sun-setting of the rates. There was a discussion concerning the Legislature changing the employer rate last year. Mr. Spaulding suggested the Board have a public hearing before any decision is made. The Board discussed the necessity to make a decision in a timely manner.

On motion by Mr. Spaulding, seconded by Mr. Amons, the Board unanimously voted to postpone a decision on setting rates until early December, with the instructions to staff to set up a public hearing to consider employer and employee rates, and said public hearing to be held between now and early November, and said public hearing will include a limited number of VIT sites.

The Board discussed the \$25.00 stipend. Mr. Jeffrey indicated Mr. Driscoll was going to do research concerning whether the stipend could be deposited into the health savings plan. There was a discussion concerning the health savings plan. The second item Annual Review of \$25.00 Stipend was deferred until more information was obtained from Buck Consultants.

ITEM 3: Act on the following requests to join VMERS:

Washington Center SU	effective 7/1/10
City of South Burlington	effective 9/27/10
North Branch Fire District #1 (West Dover)	effective 1/1/11

Ms. Webster provided the Board members background on the Washington Central SU request, indicating the request was made last year, but never approved by the Board.

On motion by Mr. Spaulding, seconded by Mr. Amons, the Board unanimously voted to approve Washington Center SU's request to join VMERS effective July 1, 2010.

Mr. Miller provided the Board members the background for his request for non-union and non-public safety employees who begin their employment after September 27, 2010 be allowed to be included in Plan B, in addition to four employees be allowed to join prospectively. Ms. Webster respectfully requested the effective date be changed to October 1, 2010, which would be the beginning of a quarter. Mr. Miller agreed to that change. Mr. Jeffrey indicated with full disclosure that Sandy Miller is the president of the Vermont League of Cities and Towns.

On motion by Mr. Golonka, seconded by Mr. Spaulding, the Board unanimously voted to approve the City of South Burlington's request to join VMERS Plan B effective October 1, 2010 for non-union and non-public safety employees who begin their employment after October 1, 2010, and for the four non-union and non-public safety employees with less than three years of creditable service in the South Burlington Retirement Income Plan as of October 1, 2010 to be allowed to join VMERS Plan B prospectively, understanding work will be done with the actuary to bring in the prior service.

(Mr. Miller and Mr. Spaulding left the meeting at this time.)

Ms. Webster provided the Board members the background concerning the North Branch Fire District # 1 request to join VMERS.

On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to approve the North Branch Fire District #1's request to join VMERS Plan B for non-management employees and VMERS Plan C for management employees effective January 1, 2011.

Ms. Webster indicated she is speaking with the Town of Calais and Middletown Springs about joining the VMERS Plans.

ITEM 4: Review/act on request from Judy Pidgeon re: Richard Fales, Jr. account

Ms. Webster provided the Board members the background of Ms. Pidgeon's request, indicating the Board has no authority to act on her request. The consensus of the Board was to have Ms. Webster respond to Ms. Pidgeon's request indicating the Board has no authority to act on her request.

(Mr. Spaulding entered the meeting at this time.)

ITEM 5: Appoint VMERS representative to the VPIC

There was a discussion about VPIC and the appointment of VMERS Board members to VPIC. The consensus of the Board was that Steven Jeffrey would be appointed as the VMERS representative on VPIC.

Mr. Amons nominated Thomas Golonka as the alternate representative for VPIC. Mr. Golonka indicated he had a relationship with Wells Fargo that needed to be reviewed for a conflict of interest before he could accept the appointment.

The Board agreed to defer to the next meeting the appointment of the VPIC alternate representative, and to make sure Mr. Jeffrey's appointment as VMERS representation was reflected in the minutes.

ITEM 6: Establish date for next business meeting

Ms. Webster indicated there was a need for another in-house meeting. The Board agreed on the date of Tuesday, November 16, 2010 at 1:00 p.m. for the next meeting.

ITEM 7: Any other business to come before the Board

None.

ITEM 8: Adjournment

On motion by Mr. Spaulding, seconded by Mr. Amons, the Board unanimously voted to adjourn at 1:58 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is an in-house meeting on Tuesday, November 16, 2009 at 1:00 p.m.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board